



**STATE OF MONTANA
DEPARTMENT OF CORRECTIONS
POLICY DIRECTIVE**

Policy No. DOC 1.2.9	Subject: CONTRACTS
Chapter 1: ADMINISTRATION AND MANAGEMENT	Page 1 of 3
Section 2: Fiscal Management	Effective Date: May 1, 1996
Signature: /s/ Bill Slaughter, Director	Revision Dates: 02/02/00; 11/01/00; 03/08/01; 12/21/04; 04/18/06

I. POLICY

The Department of Corrections will administer all contracts in compliance with Montana Code Annotated, Administrative Rules of Montana, the Department of Administration Risk Management Policies and Procedures Manual and Procurement Delegation Agreement, and the Department of Corrections Contracting and Purchasing Procedures Manual.

II. APPLICABILITY

All Department divisions, facilities, and programs.

III. REFERENCES

- A. 2-15-112, 53-1-203, 53-30-132, 53-30-133; Title 18, Title 28; Montana Code Annotated
- B. Title 2, Chapter 5; Administrative Rules of Montana
- C. DOC Policy 1.2.8, Procurement

IV. DEFINITIONS

Bureau – Fiscal Bureau.

Contract – A written or verbal agreement between a Department of Corrections facility/program/division and any other governmental, public, or private entity for the procurement of goods or services of any type. The term includes any written or verbal agreement or lease, including subsequent amendments, regardless of whether there is any Department financial obligation. The term does not include mutual aid agreements between the Department and other state or local entities.

Delegation Agreement – The agreement entered into by the Department of Corrections and the Department of Administration, State Procurement Bureau, authorizing the Department to perform procurement activities in accordance with the delegation agreement, *Title 18, MCA*; and *Title 2, Chapter 5, ARM*.

Revenue Generating Contract – An agreement between the Department and another entity with the intended purpose of generating revenue to the facility/program/division from the sale of goods or provision of services.

Total Contract Value – The entire potential monetary worth of the project from beginning to completion, including the initial contract period and any options to renew (Ref. ARM 2.5.201(41)).

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V. DEPARTMENT DIRECTIVES

The Bureau will administer all contracts with a total contract value over \$5,000; maintain a centralized database of all Department contracts; and facilitate an effective contract management process intended to minimize risk and liability and maximize efficiency.

A. New Contracts

1. Each facility/program/division that requires a contract with a total contract value over \$5,000 will submit a “request for contract” to the Bureau no less than 90 days prior to the requested contract start date with exceptions as noted in the Department’s Purchasing Manual, Section 2.3.
2. The Bureau will:
 - a. work with the requesting party to draft a document that will comply with all applicable state laws and rules to meet the facility/program/division needs;
 - b. assign each contract a number unique to the facility/program/division;
 - c. maintain the original contract and provide a copy to the facility/ program/division and the contract holder;
 - d. route each contract request to the appropriate unit (i.e., Budget, Accounting) for approval;
 - e. submit the final contract to the Department Legal Services Bureau for legal review, approval, and attorney signature; and
 - f. acquire appropriate signatures on the final, approved contract.

B. Amendments

1. All requests for contract amendments, including renewals and extensions, will be submitted to the Bureau for processing.
2. All requests for amendments will be submitted to the Bureau no less than 90 days prior to the effective date of the amendment, and in the case of complex amendments, 180 days.

C. Purchases

1. The Bureau will administer all Department purchases pursuant to *DOC Policy 1.2.8, Procurement*.

D. Delegation of Contracting Authority

1. The Bureau may, on a case-by-case basis, delegate contracting authority to a specific facility/program/division for contracts with a total value over \$5,000.
2. A facility/program/division may request additional delegated contract authority.
3. The facility/program/division will submit a written request to the Bureau for each contract, or type of contract, for which it seeks delegation.
4. The Bureau’s approval must be in writing and may require additional approval by another state agency.

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E. Delegation

1. A facility/program/division may directly enter into contracts with a total contract value of less than \$5,000 at the discretion of the facility administrator. These contracts must follow Department format and comply with Title 18, MCA, and ARM 2.5.101 through 2.5.801, and do not require review or approval from the Centralized Services Division.
2. The facility/program/division must maintain a contract log, contract copies on-site, and provide the Bureau with a signed copy of each contract within thirty (30) days of the contract start date.

F. Revenue Generating Contract

1. Each facility/program/division may enter into revenue generating contracts pursuant to *53-30-132 and 53-30-133, MCA*, at the discretion of the facility administrator.

VI. CLOSING

Questions concerning this policy should be directed to the Centralized Services Division Administrator.